

Message Text

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ACTION EB-08

INFO OCT-01 ARA-10 ISO-00 CAB-02 CIAE-00 COME-00
DODE-00 DOTE-00 INR-07 NSAE-00 FAA-00 L-03 IO-13
/044 W

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P 241249Z AUG 77

FM AMEMBASSY BRIDGETOWN

TO SECSTATE WASHDC PRIORITY 3463

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E.O. 11652:N/A

TAGS: EAIR, BB

SUBJ: BARBADOS GOVT PROTESTS UNILATERAL FARE INCREASE BY
AMERICAN AIRLINES

REF: (A) BRIDGETOWN 1999; (B) BRIDGETOWN 2010

1. SUMMARY. IN COURSE DCM'S CALL AUG. 18 ON PERMSEC FOR
CIVAIR, IAN ARCHER, REGARDING CARIBBEAN AIRWAYS' REQUEST FOR
ROUTE TO USA (SEE REF A), ARCHER ALSO PROTESTED WHAT HE CALLED
UNILATERAL INCREASE IN AIR FARE BY AMERICAN AIRLINES (AA)
ON NORTH-SOUTH TRAFFIC, FROM NEW YORK TO BARBADOS. EMBASSY
SUBSEQUENTLY RECEIVED DIPLOMATIC NOTE ON SUBJECT, TEXT OF
WHICH TRANSMITTED IN BRIDGETOWN 2010. IN NOTE, MINISTRY
EXTERNAL AFFAIRS REQUESTED USG INSTRUCT AMERICAN AIRLINES TO
DISCONTINUE CHARGING HIGHER FARES UNTIL APPROVED BY AIR
TRANSPORT LICENSING AUTHORITY OF BARBADOS. IN POSSIBLY
RELATED DEVELOPMENT, GOB HAS REFUSED EXTEND WORK PERMIT
(EXPIRED) OF AA'S LOCAL MANAGER. EMBOFFS WILL MEET AUG. 24
WITH CYRUS S. COLLINS, AA'S VICE PRESIDENT FOR
CARIBBEAN, TO DISCUSS AA'S PLANS FOR REACTING TO GOB
DEMAND. END SUMMARY.

2. ACTION REQUIRED: SINCE EMBASSY MUST REPLY AT
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ONCE TO DIPLOMATIC NOTE REQUESTING ROLLBACK OF AA'S
PRICES, DEPARTMENT SHOULD REVIEW VALIDITY OF PARA 8(B)
OF MEMORANDUM OF UNDERSTANDING BETWEEN UNITED STATES
AND BARBADOS ON AIR TRANSPORT SERVICES, SIGNED
APRIL 14 AND 27, 1972. THIS ARTICLE SEEMS TO
STIPULATE NEED FOR PRIOR GOB APPROVAL BEFORE FARES
CAN BE RAISED. SHOULD IT BE ESTABLISHED, VALIDITY

WOULD INFLUENCE OUR APPROACH IF EMBASSY DETERMINES
GOOD OFFICES INDICATED TO OBTAIN DELAY IN GOB DECISION ON ROLL-
BACK.
PLEASE REPLY SOONEST. END ACTION REQUIRED.

3. ARCHER CONTENDS, AND COLLINS ADMITS PER TELECON
AUG. 22 WITH AMBASSADOR, THAT PARA 8(B) OF
MEMORANDUM OF UNDERSTANDING DOES REQUIRE PRIOR
APPROVAL BY BARBADOS ATLA BEFORE AA
CAN ALTER FARES. ATLA WARNED IN LETTER
DATED JULY 20, 1977, ADDRESSED TO
LOCAL AA GENERAL MANAGER J.WILLIAM NOONAN, THAT
FARE INCREASE HAD NOT YET BEEN APPROVED AND COULD
NOT BE APPROVED UNTIL WRITTEN JUSTIFICATION RECEIVED
BY ATLA AS FIRST REQUESTED OF AA JUNE 5.

4. AA VICE PRES COLLINS TOLD AMBASSADOR ON
TELEPHONE AUG 22 THAT AA HAS COMPLETED ITS JUSTIFI-
CATION AND WILL BE SUBMITTING IT TO ATLA DURING COLLINS'
PLANNED VISIT TO BARBADOS THIS WEEK. COLLINS WORRIED,
HOWEVER, THAT ATLA WILL TAKE SEVERAL WEEKS TO REVIEW
JUSTIFICATION AND MEANWHILE WILL INSIST ON PRICE
ROLLBACK. ROLLBACK WOULD POSE DIFFICULTIES, COLLINS
SAID, BECAUSE IT COULD MEAN SIMILAR ROLLBACK ELSE-
WHERE IN CARIBBEAN.

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5. WHILE CONCEDED TECHNICAL MERIT OF GOB'S INSISTENCE
ON PRIOR APPROVAL, COLLINS SAID SETTING OF FARES AT
US END SHOULD PROPERLY BE APPROVED ONLY BY CAB AND
MEMORANDUM OF UNDERSTANDING SHOULD BE RENEGOTIATED.
IN THIS RESPECT, ARCHER TOLD EMBOFF THAT GOB WOULD
NEVER GRANT PRINCIPLE THAT AIRLINE OPERATING IN
BARBADOS CAN UNILATERALLY CHANGE FARES, BECAUSE SUCH
ACTION WOULD IMPACT ON TOURIST MARKET.

6. POSSIBLY RELATED DEVELOPMENT IS THAT AA'S LOCAL
MANAGER, CANADIAN CITIZEN, J. WILLIAM NOONAN, RECEIVED
WORD AUG. 19 FROM OFFICE OF PERMSEC, DEFENCE AND
SECURITY, THAT NOONAN'S WORK PERMIT, WHICH EXPIRED
JULY 25, 1977, WILL NOT BE RENEWED. NO REASON GIVEN.
NOONAN'S CURRENT STATUS ALLOWS HIM REMAIN IN COUNTRY
FOR 30 DAYS FROM AUG. 14 ON SPECIAL PERMIT. OFFICE
OF PERMSEC, DEFENCE AND SECURITY, INFORMED HIM AUG. 19,
HOWEVER, THAT HE SHOULD NOT WORK AND HE IS KEEPING TO
OFFICE, NOT GOING TO AIRPORT. NOONAN HAS BEEN HERE
ALMOST TWO YEARS. COLLINS WOULD LIKE KEEP HIM IN
BARBADOS FOR ANOTHER YEAR, PENDING COMPLETION OF AA
TRAINING IN TUCSON FOR NOONAN'S BARBADIAN UNDERSTUDY,

EDWARD HAYNES. AA'S LOCAL LAWYER WILL SEE PERMSEC
FOR DEFENCE AND SECURITY AUG. 24 TO TRY DETERMINE
REASON FOR TERMINATION NOONAN'S WORK PERMIT, AND
REQUEST EXTENSION.

7. COMMENT: IN CALL ON AMBASSADOR AUG. 24, COLLINS
MAY WELL ASK FOR USG ASSISTANCE, AND WE WILL CONSIDER.
NOT SURPRISING THAT GOG HAS PICKED PRESENT TIME TO
QUARREL WITH AA OVER FARES AND STATUS ITS GENERAL
MANAGER. ONE POSSIBILITY IS THAT GOB TRYING EMPHASIZE
RECIPROCAL ASPECTS ITS PETITION TO CAB FOR ROUTE TO
USA (REF A).
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Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 22 May 2009
Disposition Event:
Disposition History: n/a
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Disposition Remarks:
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